

Bow Valley Resource Services Ltd.

Revised October 28, 1986 (IOC)
Destroy all previous Basic and White
cards on this Company

CUSIP Number 102172
Stock Symbol BOW

Head Office — Box 6620, Postal Station D, 1200, 321-Sixth Ave. S.W., Calgary, Alberta, T2P 3R3

Telephone — (403) 261-6100

THE COMPANY is a leading land and offshore drilling contractor in Canada; provides products and services to oil and gas, mining, forest, marine construction and transportation industries and has interests in waste management operations.

COMPARATIVE DATA									
Fiscal Year	Total Assets	Long-term Debt	Total Revenue	Cash Flow	Net Income	Earns. Per Sh.	Divids. Paid	Price Range High	Price Range Low
	000's					— Common Shares —			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
1985....	612,404	370,102	397,143	43,621	1,523	d0.13	0.20	8.38	3.10
1984....	611,838	405,439	379,640	63,413	16,865	1.23	0.20	10.13	6.00
1983....	572,119	414,425	235,742	21,730	698			10.75	4.35
1982....	435,168	255,955	219,516	6,894	d6,515	d0.59	0.05	8.00	3.00
1981....	334,987	175,495	283,553	29,161	15,018	1.16	0.125	•12.50	•5.00

•Listed Feb. 23.

CAPITALIZATION AT DECEMBER 31, 1985			
	Outstanding		%
Long-term debt	\$370,102,000		72
Preferred stock	2,729,600 shs.	51,221,000	10
Common stock	13,304,429 shs.	39,784,000	8
Foreign exch. adjust.	4,209,000		1
Retained earnings	44,784,000		9

SUMMARY STATEMENT

For the six months ended June 30, 1986, net loss was \$8,208,000, or 77 cents per common share, compared with net income of \$558,000, or a loss of four cents per common share, for the corresponding year-earlier period. Total revenue decreased 17% to \$160,622,000 from \$192,469,000.

Financial results for the year ended Dec. 31, 1985 showed a net loss of \$5,648,000, or 67 cents per common share, compared with net income of \$19,838,000, or \$1.46 per common share, for the previous year. Included in 1985 results was an extraordinary loss of \$7,171,000, or 54 cents per common share, and included in 1984 results was an extraordinary gain of \$2,973,000, or 23 cents per common share. Total revenue rose 5% to \$397,143,000 from \$379,640,000.

Common dividends have been omitted in 1986. Previously, semi-annual dividends of 10 cents per share were paid from June 30, 1984 to Dec. 31, 1985, inclusive. Quarterly dividends on the class B preferred shares have been deferred since May 1, 1986, and arrears at Aug. 1, 1986, amounted to \$1.0625 per share.

Construction and design of a \$44,000,000 hazardous waste disposal facility located at Swan Hills, Alberta commenced in 1985. The company will have a 60% interest in the facility, the first totally integrated system for destruction and disposal of hazardous wastes in North America, through its subsidiary Chem-Security Ltd. To Dec. 31, 1985, \$6,400,000 had been spent and an additional \$19,000,000 will be invested during 1986 and 1987 when plant design is finalized and all major equipment is installed.

Sale of the company's Climate-Master Division assets was completed in the third quarter of 1986 for an undisclosed amount. The heating and air-conditioning manufacturing unit was sold as part of the company's plan to rationalize its business segments by selling operations not compatible with its core business segments of oil well drilling and environmental services.

N.B.—For quick reference data, see page 2.

QUICK REFERENCE DATA

Major Shareholder—As at April 14, 1986, Bow Valley Industries Ltd. beneficially held 46.2% interest (6,102,609 shares).

Incorporation—Alberta Certificate of Amalgamation, June 1, 1977; continued July 6, 1984.

Employees—Approximately 1,300 at June 6, 1986.

Auditors—Price Waterhouse C.A., Calgary.

Fiscal Year Ends—December 31.

Annual Report Appeared—In May in 1986.

Annual Meeting—May 28 in 1986.

Bankers—Royal Bank of Canada; Toronto Dominion Bank, both Calgary.

Listed—BOW, Toronto and Montreal Stock Exchanges.

Shareholders—1,429 at March 31, 1986.

Transfer Agent and Registrar—Guaranty Trust Co. of Canada, Calgary, Vancouver, Regina, Winnipeg, Toronto and Montreal.

COMPANY

Bow Valley Resource Services Limited is a leading on and offshore drilling contractor in Canada and provides products and services to the oil and gas, mining, forest, marine construction and transportation industries.

Operations are conducted through four main business segments as follows: Offshore Drilling and Marine Services, Land Drilling, Manufacturing and Distribution, and Environmental.

OPERATIONS

The company's operations are divided into four segments. Details are as follows:

Offshore Drilling and Marine Services

This segment operates the largest Canadian-owned fleet of semi-submersible drilling rigs and also has a 50% interest in six supply boats servicing the Canadian offshore industry.

Bow Valley Resource Services owns BOW DRILL ONE, a semisubmersible drilling rig which it brought on service in eastern Canada in 1981 and has 65% interest in BOW DRILL 2 (delivered July 1983) and BOW DRILL 3 (delivered March 1984). The company has 50% interest in the support fleet of six supply boats.

Each drillship is self propelled with a maximum speed of seven knots, is equipped for harsh weather conditions, can withstand 100 knot winds and 100 ft. waves, and can drill up to 25,000 ft. in water of 1,200 to 1,500 ft. depth.

BOW DRILL ONE was operated under a four-year contract which expired in April 1985; drilled one further well during the summer months of 1985; drilled one shallow well offshore Newfoundland in the first quarter of 1986; and is currently cold stacked at Mortier Bay, Nfld. BOW DRILL TWO has a four-year contract which expires in July 1987; a drilling program was completed offshore Nova Scotia in the first half of 1986 and the rig is now cold stacked at Halifax, but continues to receive stipulated earnings provided through the original four-year contract. BOW DRILL THREE continues to operate under a four-year contract which expires in March 1988; it is currently drilling offshore Newfoundland.

In September, 1986, agreement had been reached for sale of Bow Drill Two to Nanhai West Oil Corporation of China, subject to various conditions. The sale is expected to be completed by the end of 1986.

Land Drilling

This segment is comprised of three divisions whose aim is to serve the entire range of depth requirements in western Canada and the Rocky Mountain region of the United States.

Hi-Tower Drilling operates 18 medium and deep drilling rigs in Alberta, British Columbia and N.W.T., ranging in capability from 6,500 ft. to 25,000 ft.

Drilling activity in the medium depth ranges improved substantially during 1985, primarily due to the positive outlook generated by the Western Accord. A modest improvement in margins was also experienced; however decreasing crude oil prices are expected to depress activity levels during 1986.

Sedco Drilling is active in shallow oil and gas drilling, operating 24 rigs in western Canada with depth capability up to 6,500 ft.

A strong northern U.S. demand for heavy oil resulted in high levels of drilling activity for this segment during 1985. Sedco also experienced improved margins in the specialty pad drilling market, where two rigs were contracted for most of the year on major heavy oil development projects.

Apollo Drilling operates nine rigs in the Rocky Mountain area of the United States, concentrating in Utah and the Powder River Basin of Wyoming. Depth capabilities range from 9,500 to 16,000 ft.

During 1985, this segment drilled 77 wells for an overall rig utilization rate of 59.2%. Activity levels and profit margins were lower than expected, however, due to aggressive competition resulting from continuing oversupply of equipment and declining drilling activity.

Manufacturing And Distribution

This segment consists of Western Star Trucks, Mainland Manufacturing, and Mainland Oilfield Supply. These companies provide goods and services to the North American resource, transportation and construction industries. Details are as follows:

Western Star Trucks (50% owned) custom manufactures Class 8 heavy trucks at a 150,000 sq. ft. facility in Kelowna, B.C. The trucks are sold to North American and international markets.

During 1985, unit sales amounted to 2,500, approximately the same as the previous year's level, primarily due to the successful market acceptance of the new 1986 model.

The company also operates a parts marketing and distribution business.

Mainland Manufacturing provides specialized custom metal manufacturing services and manufactures products, including drilling rigs, of its own design and under licence.

Mainland has a plant at Richmond, B.C. including an iron and steel foundry and related facilities.

The division also manufactures saws for lumber mills and designed and manufactured a major coal conveyor system (8 miles) for the Quintette Mines, B.C.

Mainland Manufacturing was adversely affected during 1985 by weak activity in the pulp and paper, mining and petroleum industries.

Mainland Oilfield Supply is a distributor of oilfield supplies and equipment, tubular products and well service rigs from its Edmonton warehouse, Halifax sales office and nine stores in western Canada.

During 1985, the division's direct sales of tubular goods were below 1984 levels, resulting from the participation in a joint venture which specialized in the sale of seamless tubular products.

In August 1986, the company sold the assets of its **Climate-Master Division** to a consortium of Alberta businesses. Sale of the heating and air-conditioning manufacturing facilities was part of the company's plan to rationalize its business segments by selling operations not directly compatible with its core business segments.

Environmental

This segment is comprised of three major entities: Western Research, VerTech Treatment Systems Inc. and Chem-Security Ltd.

Western Research provides process instrumentation, detection and environmental services locally and internationally.

During 1985, this division experienced continued success in all markets, particularly the sale of electronic instrumentation to the United States, Europe, the Far East and the People's Republic of China.

VerTech Treatment Systems Inc. has over the past four years developed and tested a revolutionary approach to the treatment of municipal sewage sludge and destruction of toxic industrial waste for uses in municipal, industrial and commercial sectors of waste management. VerTech has a facility in Longmont, Colorado.

The **Chem-Security Ltd.** division (acquired in December, 1984) provides a full range of services to industry for the management of hazardous wastes throughout western Canada. During 1985, the company commenced the design and construction of the Alberta Special Waste Management facility located in Swan Hills, Alberta. By the end of 1985, investment in the facility totaled \$6,400,000 and an additional \$19,000,000 will be invested during 1986 and 1987 when plant design is finalized and all major equipment is installed. Bow Valley Resource Services will own a 60% interest in the project.

CAPITAL EXPENDITURES

1980	\$49,227,000	1983	\$140,898,000
1981	168,112,000	1984	40,592,000
1982	136,849,000	1985	35,920,000

Expenditures during 1985 included \$4,700,000 for the offshore segment, \$2,900,000 for construction of a slant hole rig and \$5,900,000 for development of the special waste treatment centre under construction at Swan Hills, Alberta. In addition, two medium depth land rigs were acquired during the year in exchange for the issue of 1,400,000 of preferred shares and upgraded at a further cost of \$2,100,000.

HISTORY

Incorporated by amalgamation June 1, 1977 in Alberta and converted to a public company Dec. 29, 1980, Bow Valley Resource Services Ltd. was continued July 6, 1984.

In 1980, oilwell drilling assets and operations of Apollo Drilling were acquired for \$19,400,000.

In 1981, 50% interest (NOVA, AN ALBERTA CORPORATION 50%) acquired in White Motor Corporation of Canada Ltd. (now Western Star Trucks Inc.).

In 1982 company sold Connors Drilling, a U.S. and Canada contract drilling operation; Wesdrill Equipment, a drill bit manufacturer and CM&E a sawmill equipment manufacturer.

In 1983, BVRS completed the acquisition of Vertical Tube Reactor Corporation (now VerTech Treatment Systems Inc.) a waste treatment operation.

ACCOUNTING CHANGES

Effective Jan. 1, 1985, the company adopted on a prospective basis, the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for investment tax credits. Prior to Jan. 1, 1985, investment tax credits were recorded following the flow-through method as a reduction of income tax expense. When applying the flow-through method, the company recorded investment tax credits only to the extent that deferred tax credits and income were available to generate the tax payments necessary to claim the credits prior to their expiry. There was no material effect in 1985 from this change.

OFFICERS AND DIRECTORS

Officers—B.J. Seaman, chm. and CEO; T.A. Legge, sr. v-p finance and CFO; W.C. Hay, sr. v-p drilling; A. F. Bygate, sr. v-p; Joseph Lukacs, v-p environmental group; H. W. Popoff, v-p offshore drilling; C. S. Soderling, v-p mfg. group; G. R. Fraser, treas.; K. E. Myers, cont.; W. G. Keys, assoc. gen. counsel & sec.; H. E. Arnold, C. A. Singh, asst. secs.

Directors—B.J. Seaman, D.R. Seaman, T.S. Dobson, G.W. Govier, D.K. Seaman, B.W. Watson, Calgary; J. D. Raymond, Montreal; H. W. Roeschinger, Munich, West Germany.

CAPITAL STOCK

(At Dec. 31, 1985)

	Author.	Outstand.
Class A Pref.	Unlimited	
Series 1		1,000,000 sh.
Series 2		14,000 sh.
Class B Pref.	Unlimited	
Series 1		1,600,000 sh.
Class C Pref.	Unlimited	nil
Class Z Pref.	10,000,000 sh.	115,600 sh.
Common	Unlimited	13,304,429 sh.

Class A Preferred, Series 1 (formerly Series A Preferred)—Entitled to variable rate (50% of prime rate plus 2%) dividends, adjusted quarterly.

In liquidation, winding-up, etc. entitled to \$10 per share.

Redeemable at \$10 per share on Sept. 16, 1991 or at any time after Dec. 31, 1983 in whole or in part on 30 days notice at the company's option, in any event plus any accrued or unpaid dividends.

Nonvoting.

Placed privately in 1981.

Class A Preferred, Series 2—Entitled to variable rate (50% of prime rate plus 3%) dividends, adjusted quarterly.

Redeemable at \$100 per share on Oct. 15, 1993, or at any time by the company.

Issued in early 1986, effective Oct. 15, 1985.

Class B Preferred, Series 1—Entitled to fixed cumulative cash dividends of \$2.125 per share per annum payable quarterly, Feb., May, Aug. and Nov. 1.

In liquidation, dissolution or winding-up, \$25 per share or entitled to \$26.50 if voluntary. Rank in priority to Class C, Z and common, junior to Class A.

Redeemable on or after Apr. 12, 1988 and prior to Apr. 12, 1990 at \$26.50 on 30 days notice only if common shares have traded at not less than 125% of conversion price on Toronto Stock Exchange for 20 consecutive trading days. Subsequently, redeemable on or after April 12, in each year as follows:

1990	\$26.25	1993	25.50
1991	26.00	1994	25.25
1992	25.75	1995	25.00

In each case plus accrued and unpaid dividends.

If not more than 240,000 shares are outstanding, company may redeem all but not part of the shares at \$26.50 per share to Apr. 11, 1990 or current redemption price thereafter.

Purchase for cancellation of all or any part of the outstanding shares may be made at the company's option at a price not exceeding \$26.50 per share prior to Apr. 12, 1990 on current redemption price thereafter, in each case plus cost of purchase.

Convertible at the holder's option at \$8.75 per common share (approx. 2.8571 shares per share) at any time to and including Apr. 11, 1995. Subject to adjustment in certain events.

Certain restrictions are placed on issuance of additional shares and payment of dividends on common stock.

Nonvoting.

Issued in March 1985 at \$25 per share by a group headed by Richardson Greenshields of Canada Limited.

Class Z Preferred—Convertible into common shares for up to 10 years from the date of issue, subject to certain limitations and anti-dilutive provisions.

Redeemable at the company's or shareholder's option at any time; will be redeemed by the company after 10 years from issuance at a redemption price of 100% of cost.

Issued as awards under the "Equity Incentive Plan for Key Employees."

Common—One vote per share.

CAPITAL STOCK CHANGES

Upon conversion to a public company on Dec. 29, 1980, authorized capital comprised 10,000,000 preferred shares, \$30 par and 30,000,000 common shares, n.p.v. of which 10,120,000 common shares were outstanding.

Under a unit offering made in Feb. 1981, 2,850,000 common shares and \$28,500,000 in convertible debentures were sold to the public at \$2,275 per unit (\$1,000 debenture and 100 shares). Following the unit offering authorized capital comprised 30,000,000 common shares, of which 12,970,000 were issued and outstanding.

In September 1981, shareholders authorized creation of 50,000,000 preferred shares, \$10 par. Subsequently 1,000,000 variable rate series A cumulative redeemable term preferred shares were sold privately.

At Dec. 31, 1981, outstanding stock totaled 1,000,000 series A preferred and 12,970,000 common shares.

In 1983, authorized capital was increased by the creation of 10,000,000 class Z preferred shares. During the year 31,613 common shares were issued for cash (under options) and 1,197 on conversion of debentures.

In 1984, 54,600 class Z preferred shares were issued and 91,268 common shares were issued for cash and 66 on conversion of debentures. At Dec. 31, 1984 there were 1,000,000 series A preferred, 54,600 class Z preferred, and 13,094,144 common shares outstanding.

In 1985, authorized capital was amended to an unlimited number, series A preferred shares were redesignated as Class A preferred shares, series 1, and class B and C preferred shares were created. In March 1985, a public offering of 1,600,000 class B preferred shares, series 1, was completed at \$25 per share.

Also during 1985, 71,200 class Z preferred shares were issued and 10,200 class Z shares were redeemed; and 210,285 common shares were issued under the Employee Thrift Plan. Subsequent to year end, 14,000 class A preferred shares, series 2, were designated and issued effective Oct. 15, 1985.

At Dec. 31, 1985, the company had the following capital stock outstanding: 1,000,000 class A preferred shares, series 1, 14,000 class A preferred shares, series 2, 1,600,000 class B preferred shares, series 1, 115,600 class Z preferred shares and 13,304,429 common shares.

DIVIDENDS

Class A Preferred, Series 1 and 2—Entitled to variable rate. Individual payments not disclosed. Privately held.

Class B Preferred, Series 1—Entitled to \$2.125 per share per annum, cumulative.

Initial payment of 65.21 cents per share was made Aug. 1, 1985; and regular quarterly payments of 53.125 cents per share were made on Nov. 1, 1985 and Feb. 1, 1986. The payment normally payable on May 1, 1986 was deferred. Arrears at Aug. 1, 1986 amounted to \$1.0625 per share.

Common—No dividends being paid at present. Payments of 10 cents per share were made June 30 and Dec. 31, 1985, and 10 cents per share was paid June 30, 1984.

Initial payments of five cents per share was made June 30, 1981; 7.5 cents paid Dec. 31, 1981; and five cents paid June 30, 1982.

PRICE RANGE OF STOCK Class B Preferred (BOW.PR.B)

Year	High	Low
1985 ..	\$26.00	\$22.50
● Listed May 8.		

Common (BOW)

Year	High	Low	Year	High	Low
1981 ..	\$12.50	\$5.00	1984 ..	\$10.13	\$6.00
1982 ..	8.00	3.00	1985 ..	8.38	3.10
1983 ..	10.75	4.35	● Listed Feb. 23.		

LONG-TERM DEBT

At Dec. 31, 1985, long term-debt totaled \$370,102,000 of which \$56,031,000 was due in one year.

Details of outstanding long-term debt are as follows:

11% Convertible Subordinated Debenture—Dated Feb. 23, 1981; due Mar. 1, 2001; interest payable March and September 1; authorized and issued \$28,500,000. Outstanding at Dec. 31, 1985, \$28,481,000.

Trustee—National Trust Co., Ltd.

Redemption—Redeemable on or after Sept. 1, 1983 under certain circumstances related to common stock performance at 109.6% if redeemed during the six months ending Feb. 28, 1984; thereafter if redeemed during the 12 months ending Feb. 28, 1985 at 109% premium decreasing 0.6% per annum to 1999 at 100.6% and thereafter at par.

In the event that at least 85% of the outstanding debentures have been converted into common shares the company has the option to redeem all or part of the outstanding debenture at par.

Sinking Funds—Sufficient to retire on Mar. 1, in each of the years 1992 to 2000 inclusive, 4% of the aggregate principal amount of the debentures outstanding at Mar. 2, 1991 with optional payment to the sinking fund of up to 2% during the same period.

Conversion—Convertible at the option of the holder after Mar. 1, 1981 to Mar. 1, 1991 at \$15 per com. share equivalent to 11.67 common shares for each \$1,000 debenture converted. The conversion basis, established on Feb. 23, 1981, is subject to adjustment in certain events.

Offered—28,500 units in Feb. 1981 at \$2,275 per unit, each unit consisting of one \$1,000 debenture and 100 common shares, by a group headed by Greenshields Inc.

Equipment Loans—Outstanding at Dec. 31, 1985, \$235,616,000 (including US\$168,500,000), bearing an average 11.0% interest rate (including both fixed and floating rates).

Term Bank Loans—Outstanding at Dec. 31, 1985, \$106,005,000 (including US\$67,900,000), bearing an average 8.7% interest rate (including both fixed and floating rates).

Note—Aggregate repayments required are as follows: 1986, \$56,031,000; 1987, \$48,699,000; 1988, \$57,619,000; 1989, \$57,619,000; 1990, \$50,074,000; and thereafter \$100,060,000.

INTERIM EARNINGS

Fiscal Year	Total Revenue	Net Inc. Ops.	Earns. Per Sh.	Total Revenue	Net Inc. Ops.	Earns. Per Sh.	Total Revenue	Net Inc. Ops.	Earns. Per Sh.
		3 months			6 months			9 months	
	\$000's		\$—	\$000's		\$—	\$000's		\$—
1982 ..	70,152	d467	d0.06	116,904	d3,391	d0.31	158,248	d4,573	d0.43
1983 ..	52,656	d1,152	d0.10	109,141	d1,029	d0.11	167,932	d835	d0.11
1984 ..	84,957	3,436	0.25	171,391	7,423	0.54	265,539	11,515	0.84
1985 ..	106,675	3,489	0.25	192,469	3,451	0.17	289,386	4,117	0.15
1986 ..	97,119	d2,346	d0.26	160,622	d8,382	d0.78			

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years ended December 31

	1985	1984	1983
	\$000's		
Cash provided			
Operations	48,380	66,795	25,606
Issue long-term debt	31,840	17,848	135,339
Issue common shares	1,156	705	284
Issue preferred shares	40,911	382	
Proceeds sale assets	1,134	4,051	2,019
Other	3,920	4,705	
	127,341	94,486	163,248
Cash used			
Repayment of long term debt	86,778	49,604	20,729
Dividends—Preferred	3,211	816	761
Common	2,647	2,615	
Capital expenditures	35,920	40,592	140,898
Other			524
	128,556	93,627	162,912
Net cash provided	d1,215	859	336
Cash at beginning of year	12,870	12,011	11,675
Cash at end of year	11,655	12,870	12,011

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Years ended Dec. 31

	1985	1984	1983	1982	1981	1980
	\$000's					
Service & mfg. revenue	393,849	375,937	231,928	216,960	279,348	182,674
Other	3,294	3,703	3,814	2,556	4,305	3,651
Total revenue	397,143	379,640	235,742	219,516	283,653	186,325
Less: Operating costs	274,141	233,312	152,186	153,223	198,323	130,181
Gen. & admin. exp.	42,291	39,970	32,605	29,289	28,674	17,269
Net before depr. etc.	80,711	106,358	50,951	37,004	56,656	38,875
Less: Depreciation	29,768	28,851	19,698	16,458	15,498	7,675
Foreign exch. loss				1,782		
Interest exps.	40,293	44,243	26,838	25,728	23,384	7,022
Income taxes: Current	*180	*927	*1,511		*1,021	2,510
Deferred	9,307	17,319	5,228	*449	3,777	6,789
Net income, operations	1,523	16,865	698	d6,515	15,018	14,879
Add: Extraord. items	d7,171	2,973				
Net income	d5,648	19,838	698	16,865	d6,515	15,018
Add: Prev. retained earnings	56,290	39,883	39,946	48,292	35,375	20,496
Less: Pref. divs.	3,211	816	761	1,182	480	
Com. divs.	2,647	2,615		649	1,621	
Retained earnings	44,784	56,290	39,883	39,946	48,292	35,375

*Recovery.

■ Represents tax loss carry forward in 1984; in 1985, represents a \$1,724,000 gain from tax loss carryforward; \$4,012,000 foreign exchange loss recognized on the retirement of U.S. dollar denominated debt with preferred share issue proceeds; and \$4,883,000 provision for loss on closure of various manufacturing operations (net of applicable income tax of \$5,500,000).

Times Interest Earned:

Before deprec.	12.00	12.40	11.90	11.44	12.42	15.54
After deprec.	11.26	11.75	11.16	10.80	11.76	14.44

Shares Outstanding:

Class A preferred	1,014,000	1,000,000	1,000,000	1,000,000	1,000,000	
Class B preferred	1,600,000					
Class Z preferred	115,600	54,600				
Common	13,304,429	13,984,144	13,002,810	12,970,000	12,907,000	10,120,000

Earnings Per Share:

(A) Based on net income, operations

Preferred: Times earned	10.47	120.67	10.92		131.29	
Common: Earned	d\$0.13	\$1.23		d\$0.59	\$1.16	\$1.47

(B) Based on net income

Preferred: Times earned		124.31	10.92		131.29	
Common: Earned	d\$0.67	\$1.46		d\$0.59	\$1.16	\$1.47

Dividends Paid:

Common	\$0.20	\$0.20		\$0.05	\$0.125	
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CONSOLIDATED BALANCE SHEET AT DECEMBER 31

	1985	1984	1983	1982	1981	1980
	(\$000's)					
Assets						
Current:						
Cash & deposits	13,403	14,522	15,405	11,801	1,460	2,009
Accounts receivable	50,105	59,876	52,105	44,620	55,870	48,775
Inventories	30,235	31,297	25,527	23,427	44,423	20,732
Income tax recovery					2,960	
Prepaid expenses				978	1,675	935
	93,743	105,695	93,037	80,826	106,388	72,451
Prop., plant & equip.	609,480	577,968	540,231	398,175	269,942	107,630
Less: Accum. deprec.	132,112	104,782	76,957	57,706	46,378	32,690
	477,368	473,186	340,469	223,564	223,564	74,940
Unamort. foreign exchange ..	33,679	24,330	5,973			
Other assets	7,614	8,627	9,835	13,873	5,035	2,319
	612,404	611,838	572,119	435,168	334,987	149,710
Liabilities						
Current:						
Bank debt	1,748	1,652	3,394	126	1,668	1,571
Operating advances						6,185
Accounts payable	63,172	60,602	43,679	31,196	38,145	26,974
Curr. portion l.-t. debt	56,031	48,941	39,739	20,261	13,789	8,327
	120,951	111,195	86,812	51,583	53,602	43,057
Long-term debt (net)	314,071	356,498	374,686	235,694	161,706	19,734
Construction commitment				38,643		
Advances						35,740
Deferred taxes	37,384	36,201	21,855	16,627	17,076	13,299
Other				5,036	6,672	
Shareholders' Equity						
Preferred shares	51,221	10,382	10,000	10,000	10,000	
Common shares	39,784	38,628	37,923	37,639	37,639	2,505
Retained earnings	44,784	56,290	39,883	39,946	48,292	35,375
Cum. transl. adjust.	4,209	2,644	960			
	612,404	611,838	572,119	435,168	334,987	149,710
Working Capital (\$000's)	d27,208	d5,500	6,225	29,243	52,786	29,394

(This information is obtained from sources we believe to be reliable, but is not guaranteed)

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